

HB 3386 A STAFF MEASURE SUMMARY
House Committee On Economic Development

Action Date: 04/08/19

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 10-0-1-0

Yeas: 10 - Barreto, Bonham, Drazan, Fahey, Helm, Lively, Marsh, McKeown, McLain, Witt

Exc: 1 - Wallan

Fiscal: Fiscal impact issued

Revenue: Has minimal revenue impact

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Meeting Dates: 4/3, 4/8

WHAT THE MEASURE DOES:

Identifies types of businesses eligible to deliver distilled liquor, malt beverages, wine, or cider to final consumer at residential address. Creates alcohol delivery service permit, sets permit requirements, and allows permit holder to operate digital network to provide means by which driver takes possession of alcoholic beverages from an eligible business and delivers on same day to final consumer at residential address. Allows alcohol delivery service permit holder to charge liquor store agent, eligible business, or final consumer a fee for delivery of alcoholic beverages. Allows purchase of alcoholic beverages by Internet or telephone from Oregon Liquor Control Commission liquor stores if transferred to a purchaser in person or to driver for alcohol delivery service permit. Provides that use of commercial motor vehicle to transport or deliver alcoholic beverages does not require alcohol delivery service permit. Specifies that common carrier permit allows a commercial transporter of goods to deliver alcoholic beverages from direct shipper permit holder to final consumer at residential address. Requires Commission to adopt rules. Sets sanctions and penalties for violations by alcohol delivery service permit or common carrier permit. Sets annual fee for alcohol delivery service permit or common carrier permit at \$500 with no bond requirement.

ISSUES DISCUSSED:

- Requirements of, and relationships between, permit holders, employees, and contractors
- Definitions used and clarity of terms for alcohol delivery purposes
- Changes to direct shippers under measure
- Oregon Liquor Control Commission authorities for noncompliance

EFFECT OF AMENDMENT:

Replaces measure.

BACKGROUND:

The Oregon Liquor Control Commission (OLCC) oversees the sale of alcoholic beverages and recreational marijuana to allow access to responsible adults while protecting Oregon’s public health, safety, and community livability. The OLCC was created in 1933 during a special session of the Legislative Assembly following the end of national prohibition. Oregon chose a “control” system, giving the state the exclusive right to sell packaged distilled spirits through retail liquor stores operated by contracted agents, and is one of seventeen states that sell distilled spirits through government-operated stores or designated outlets that the state supervises under a sales agent contract. The OLCC manages and distributes distilled spirits, licenses and regulates businesses that sell and serve alcohol, and trains and issues permits for alcohol servers.

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Legislation enacted in 2008 first allowed OLCC off-premises sales license holders to deliver wine or cider to Oregon residents after obtaining a direct shipper permit. Malt beverages were added in 2015. OLCC has adopted specific rules guiding the delivery of malt beverages, wine, or cider. OLCC rules also allow shipment of distilled spirits purchased in-person at a retail liquor store location to a resident of Oregon who is at least 21 years of age.

House Bill 3386-A allows distilled liquor to be delivered to a final consumer at a residential address only by a liquor store agent, alcohol delivery service permit holder, or noncommercial provider, and to be ordered by Internet or telephone under certain conditions. The measure allows malt beverages, wine, or cider to be delivered to a final consumer at a residential address by an eligible business (certain license types), alcohol delivery service permit holder, common carrier permit holder, direct shipper permit holder, or noncommercial provider. The measure creates an alcohol delivery service carrier permit, sets requirements for permit holder, sets permit fees, and establishes sanctions and penalties for violations by a holder of an alcohol delivery service permit or common carrier permit.